

To: California State Lottery Commission Date: November 1, 2006

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Acting Director

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Subject: Item 10(a) – Approval of Scratchers[®] Game Profiles for Games

499, 500, 501, 502, 503, 504, 505, 506, 507, and 508

ISSUE

Should the California State Lottery Commission (Commission) approve the Game Profiles for Scratchers Games 499, 500, 501, 502, 503, 504, 505, 506, 507 and 508?

RECOMMENDATION

Staff recommends that the Commission approve the Game Profiles for Scratchers Games 499, 500, 501, 502, 503, 504, 505, 506, 507 and 508.

BACKGROUND

Scratchers Games 499, 500, and 501 are scheduled to launch in February 2007, with Games 502, 503, and 504 to be introduced in March 2007. Games 505, 506, 507, and 508 are planned for an April 2007 start date.

DISCUSSION

Scratchers Game 499 – TBD (7's theme)

This \$1 game will have a Match 3 playstyle and reinforces the very popular 7's theme. By uncovering three like prize symbols, players can win the particular prize for that game. Players can also win a prize by uncovering a "7" symbol in the "Quick Spot" area. Game 499 was developed to deliver over \$7 million in prizes in the \$7 to \$77 prize categories. The top prize for this game is \$777 with overall odds of winning at 1 in 5.43.

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Scratchers Game 500 – "Green Stuff"

This \$2 game will have a Key Number Match playstyle with the ability to win up to ten times on one ticket. Players can also automatically multiply a prize three times by uncovering a "3X" symbol, or six times by uncovering a "6X" symbol in the play area. Staff recommends a message that states this game will deliver over \$7.6 million in prizes that multiply. The recommended top prize for this game is \$10,000 and overall odds of winning any prize are 1 in 4.37.

Scratchers Game 502 - "Double Your Luck"

This \$1 game was developed with a Key Number Match playstyle. The uniqueness of Game 502 is having four different scenes where each scene depicts a familiar lucky icon to evoke a sense of "luck." These four different lucky visual images should encourage players to purchase the series of tickets. Players can automatically multiply their prize two times by uncovering a "2X" multiplier symbol in the play area. Players can win up to five times on one ticket with a top prize of \$1,000 and overall odds of winning at 1 in 5.27.

Scratchers Game 503 – "Winner Take All"

The Lottery has successfully launched two other "Winner Take All" theme games. Each has performed very well and the latest version, Game 480, continues to perform above sales expectations. To maintain this popular game at retail, staff recommends the next game in this series of Winner Take All games to launch in March 2007. The unique feature for this game will still provide players with the opportunity to win all prizes on the ticket by uncovering and matching the "Winner Take All Number" to the same number in the "Your Numbers" area.

This \$2 game with have a Key Number Match playstyle and offer players the ability to win up to ten times on a ticket with two "Winning Numbers" to match from. The top prize for this game is \$10,000 with overall odds of winning at 1 in 4.62.

Scratchers Game 504 – TBD (annuity game)

Staff proposes a re-launch of our annuity game category which allows players an opportunity to win a large top prize instantly on a ticket through an annuity payment. The last annuity Scratchers game (Game 390 – Decade of Dollars) was introduced in 2004 and generated over \$50 million in sales. The popularity of annuity games is seen throughout the lottery industry and remains a staple in many lotteries' game mixes. With upcoming system software upgrades, the California State Lottery will have the ability to award an annuity prize through an automated prize payment process rather than using the prior manual process for paying Scratchers annuity prizes.

This \$3 annuity game will have a Key Number Match playstyle that includes the ability for players to multiply their potential prize with a "5X" or "10X" multiplier. It is recommended that this game provide a top prize of \$500,000 payable in yearly

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graduated payments over a twenty-year period. Overall odds of winning are 1 in 4.93.

<u>Scratchers Game 505 – TBD (multiplier numbers game)</u>

This \$1 game will have a Key Number Match playstyle. Players can automatically multiply their prize four times by uncovering the designated multiplier symbol in the play area. Players can win up to five times on a ticket with a top prize of \$1,000 and overall odds of winning at 1 in 5.27.

<u>Scratchers Game 506 – "Lucky Numbers"</u>

This \$1 game will feature a Match 3 playstyle. Players can win a particular prize by uncovering three like prize symbols. Players can also multiply their prize two times by uncovering a "2X" symbol in the "Bonus" area on the ticket. The uniqueness of Game 506 is having four different scenes where each scene depicts a lucky number in a familiar series which should encourage players to purchase the series of four different tickets. The top prize for this game is \$1,000 with overall odds of winning at 1 in 5.15.

Scratchers Game 507 and 508 – "Major League Baseball"

To support the important \$2 Scratchers price point, staff recommends introducing a \$2 licensed property game that can extend promotional opportunities to help reinforce the entertainment value of our games. The selection of the next licensed property is based on recent consumer research results and opportunities to tie-in with arguably America's favorite pastime – Major League Baseball (MLB). During last season, over 76 million fans attended a MLB game and attendance has grown over the past three years.

Although a majority of MLB teams are primarily located in one particular state/region, California has a total of five MLB teams on the West Coast. To capture the regional loyal fan base and capitalize on the competitive atmosphere with California teams, staff recommends launching two MLB games. One game will represent the Northern California teams, the Oakland A's and the San Francisco Giants, and another game will represent the Southern California teams, including the Los Angeles Dodgers, the Los Angeles Angels, and the San Diego Padres.

Staff recommends producing Game 507 with individual team ticket designs that represent the A's and Giants, and Game 508 with individual team ticket designs that represent the Dodgers, Angels, and Padres. Both games will launch in April 2007 to capture the essence of MLB's Spring Training. Staff believes developing and distributing a regionalized game provides exceptional opportunities for reaching a potential new player base and generating publicity at new promotional venues.

For these proposed games, staff is in the process of securing one-of-a-kind MLB prizes that may include trips to Spring Training, season tickets, and attendance at

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the All Stars game weekend. Additionally, MLB merchandise prize packages will also be available to players through a "second chance drawing." These packages may include authentic outfield jerseys, bullpen jackets, caps, and duffel bags.

There is no license fee associated with these games. The cost of the MLB property is covered through the purchase of merchandise packages and one-of-a-kind MLB prizes in the game's prize structure. All one-of-a-kind MLB prizes and merchandise prize packages are awarded through a second chance drawing. A total of five second chance drawings (per game) will be conducted during the course of Game 507 and Game 508. Players can enter these drawings by submitting non-winning tickets from these two games.

Staff recommends these games have a Key Number Match playstyle along with the ability to double (2X) and triple (3X) a prize with specific symbols. The suggested top prize for Game 507 and Game 508 is \$10,000. The overall odds of winning a prize in either game are 1 in 4.17.

Scratchers Game 501 – "Bonus Word Crosswords"

Game 501 is scheduled for launch in February 2007. Game 492 (Bonus Word Crossword) was previously approved by the Commission in August 2006 and is "materially similar" to Game 501. The profile for Game 501 is attached for the Commissioners' information; Commission approval is not required for this game.